



WIND AND HAIL UPDATE

South Carolina Wind And Hail
Underwriting Association
P. O. Box 407
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08-12

DEDUCTIBLE CHANGES February 1, 2009

The Association is pleased to announce changes to the deductibles for both personal lines risks and commercial risks. These changes are designed to benefit coastal consumers.

Personal Lines Changes . . . For dwelling policies, manufactured home policies, and condo unit owners policies effective February 1, 2009, or later, the deductible provision has been changed as follows:

- The deductible percentage on the declarations page becomes both an occurrence and a policy aggregate deductible.
- For non-named storms, the deductible will be 1%.

The WHP1 (11-08), the WHA1 (11-08), and the WHM1 (11-08) are already posted on the website. You can view them at www.scwind.com.

Would you provide us an example of the change?

Your client has a SC Wind policy with a 3% deductible.

Shortly after inception date, a thunderstorm occurs and a loss is incurred. Since it is not a named storm, the deductible will be 1%. Any portion of the loss applicable to the 1% deductible will also be applied to the 3% annual policy deductible.

During hurricane season, a major loss occurs. For the purpose of this example, assume your client met the 1% deductible in the earlier thunderstorm. The deductible would now be 2%.

Once losses subject to the deductible exceed 3%, any further losses in that policy period would not be subject to a deductible.

Will this involve a rate change?

There will be a modest rate change effective with this.

<u>Deductible</u>	<u>Current Factor</u>	<u>2/1/08 Factor</u>
2%	0.90	0.92
3%	0.85	0.86
4%	0.80	0.82
5%	0.75	0.77
10%	0.63	0.65

Overall, the change results in a 1.56% increase.

Commercial Lines . . . The deductible calculation has been simplified. In the past, the deductible has been based on the total value of the structure. The WHC1 (11-08) now bases the deductible on the limit – as it is in personal lines.

Does the aggregate deductible apply to the commercial policies?

No. The aggregate deductible and the non-named storm deductible are applicable only to personal lines policies.

Is there a premium change for the new commercial deductible?

No. There is no premium change.

Are You Using ePay?